



Economic Impact Analysis Virginia Department of Planning and Budget

9 VAC 20-130 – Regulations for the Development of Solid Waste Management Plans **Department of Environmental Quality** July 18, 2006

Summary of the Proposed Regulation

The Virginia Waste Management Board (board) proposes to make amendments to the Regulations for the Development of Solid Waste Management Plans (9 VAC 20-130). The major changes include:

1. Language relating to the minimum recycling rate is revised to conform to the statutory changes. Pursuant to Chapter 7 and 40 of the 2006 Acts of the General Assembly, the requirement of a minimum 25% recycling rate of the total municipal solid waste will be replaced with a two-tiered recycling rate mandate - 15% and 25%, depending on the demography of each solid waste planning unit¹.
2. Minor plan amendments² will no longer be required to be approved by the Department of Environmental Quality (DEQ).
3. A provision on the waste information and assessment program (9 VAC 20-130-165) is eliminated due to its duplication in the Virginia Solid Waste Management Regulations (9 VAC 20-80-115). Existing language about plan requirements, plan variances and the calculation of regional recycling rates have been clarified and consolidated.

¹ According to 9 VAC 20-130-10, “Solid Waste Planning Unit” means each region or locality that submits a solid waste management plan.

² According to 9 VAC 20-130-175, minor amendments shall include any change that moves toward implementation of a waste management strategy that is higher in the waste management hierarchy and any non-substantive administrative change such as a change in name.

Results of Analysis

Benefits likely exceed costs in one or more proposed regulatory changes. Detailed analysis of the benefits and costs can be found in the next section.

Estimated Economic Impact

The Virginia Code section 10.1-1411 requires that cities, counties, and towns of the Commonwealth develop solid waste management plans for their jurisdictions and include provisions to achieve the statutory recycling rate. Standards and planning requirements of solid waste management are established in the Regulations for the Development of Solid Waste Management Plans (9 VAC 20-130).

The previous statutory recycling rate was 25% for all solid waste planning units. Legislation introduced in 2006 provides for a two tiered recycling mandate – 15% and 25% which became effective July 1, 2006. According to Virginia Code section § 10.1-1411, each solid waste planning unit shall maintain a minimum 15% recycling rate if it has (i) a population density rate of less than 100 persons per square mile according to the most recent United States Census, or (ii) a not seasonally adjusted civilian unemployment rate for the immediately preceding calendar year that is at least 50% greater than the state average as reported by the Virginia Employment Commission for such year. All other solid waste planning units remain at the 25% recycling mandated level.

The board proposes to revise language relating to the minimum recycling rate in the existing regulation to conform to the statutory changes. Although the solid waste planning units that qualify for the 15% minimum recycling rate are not required by the Code to maintain a recycling rate above 15%, those that have already met the previous 25% mandated recycling rate and had their plans approved by the Department of Environmental Quality (DEQ) will be encouraged to maintain the 25% level. According to DEQ, plan amendments that will lower the minimum recycling rate are regarded as major plan amendments and as such, will require extensive review by DEQ before a reduction in the planned recycling rate could be approved.

DEQ has provided that 32 out of 74 solid waste management planning units have met the previous 25% mandated recycling rate and have their plans approved. These units will likely not be affected by the change in mandated recycling rate. Among the 42 solid waste planning units

that have not had their plans approved yet, 18 remain at the 25% level and will have to revise plans and take measures to meet the mandated 25% recycling rate as they were under the current regulations, while the other 24 qualify for the 15% mandated recycling rate and may have their plans approved without significant work if the disapproval was due to low recycling rate.³ These units will be affected by the statutory change of recycling rate and will incur savings in time and money related to plan revision and fulfillment of the plan.

DEQ has estimated that environmental consulting firms on average charge \$10,000 to \$20,000 for each plan development under the 25% recycling threshold. The recycling-rate-related cost savings are estimated to be approximately 5% of the former plan costs and range from \$500 to \$1,000 per plan. The estimated total cost savings for the 24 plans will be as much as \$12,000 to \$24,000, if all of the plans are produced and revised by the consulting firms. On the other hand, the consulting firms that work on these 24 plans will incur the same amount of loss due to reduced amount of work which is \$500 to \$1,000 per plan and totals \$12,000 to \$24,000 for the 24 plans.

The reduced mandated recycling rate may reduce the amount of municipal solid waste that will be recycled in the 24 localities or regions qualifying for the 15% mandated recycling rate. Consequently, more municipal solid waste may be processed by other means, with most likely to be landfilled.⁴ Generally other solid waste management such as landfilling is less costly than recycling, therefore the 24 localities or regions are likely to incur cost savings in their solid waste management as a result of the reduced recycling rate. According to DEQ, since regulations have been developed to protect the public health and the environment regarding landfill and other types of solid waste management, the increased amount of solid waste management other than recycling will likely not cause any negative impact on the public health or the environment.

The board also proposes that minor plan amendments will no longer require approval by DEQ. These minor plan amendments include any change that moves toward implementation of

³ Most of the plans were not approved because the mandated recycling rate was not met. Some plans were not approved because of other reasons such as failed completeness.

⁴ Besides being landfilled, municipal solid waste may be composted or incinerated.

a waste management strategy that is higher in the waste management hierarchy⁵ and any non-substantive administrative change such as a change in name.⁶ Elimination of the approval requirement for minor plan amendments will allow the localities or regions to respond promptly to changes in their solid waste management capacities or the market. Also, this proposed regulatory change will likely cause cost savings in consulting fees for the solid waste planning units because they will likely no longer need consultant services to prepare minor plan amendments. On the other hand, the consulting firms that work on minor plan amendments may incur an equivalent loss in profit. DEQ has estimated that each minor plan amendment costs the planning unit \$100 to \$500 in consulting fees and there will be up to four minor plan amendments each year. Therefore, this proposed regulatory change will result in a total amount of savings of \$400 to \$2,000 for the planning units and the same amount of loss in profit for the consulting firms.

The board proposes to eliminate the provision on the waste information and assessment program (9 VAC 20-130-165) from the existing Regulations for the Development of Solid Waste Management Plans (9 VAC 20-130), because it is duplicated in the Virginia Solid Waste Management Regulations (9 VAC 20-80-115). Existing language about plan requirements, plan variances and the calculation of regional recycling rates have been clarified and consolidated. These proposed changes will reduce confusions and will benefit the solid waste planning units and DEQ without any additional costs.

Businesses and Entities Affected

The 24 solid waste planning units that have not met the previous 25% mandated recycling rate while qualifying for the 15% mandated recycling rate will incur cost savings related to plan development and revision as well as plan fulfillment. All solid waste planning units that will complete minor plan amendments will benefit from the elimination of approval requirement for minor amendments. Consulting firms that provide services for plan development (for the 24 units) or minor plan amendments may experience a decrease in profit due to reduced amount of work demanded.

⁵ According to 9 VAC 20-130-30, components of the waste management hierarchy are: 1. source reduction; 2. reuse; 3. recycling; 4. resource recovery (waste-to-energy); 5. incineration; and 6. landfilling.

⁶ Source: 9 VAC 20-130-175.

Localities Particularly Affected

The proposed regulation will affect all localities or regions in the Commonwealth. Those 24 localities or regions that have not met the previous 25% mandated recycling rate but qualify for the 15% mandated recycling rate will be particularly affected by the statutory change in minimum recycling rate.

Projected Impact on Employment

The reduced mandated recycling rate may reduce the amount of municipal solid waste that will be recycled in the 24 localities or regions and increase the amount of municipal solid waste that will be processed by other means, such as landfill. Therefore, these 24 localities or regions will likely see fewer people employed in recycling business and more people employed in other businesses of solid waste management such as landfill operation. Consulting firms may incur a reduction in their profit, which will have a negative impact on the number of people employed.

Effects on the Use and Value of Private Property

Consulting firms that provide services for plan development for the 24 units or minor plan amendments in all localities or regions may experience a decrease in profits due to the reduced amount of necessary consulting work, which will commensurately reduce their value.

Small Businesses: Costs and Other Effects

Small consulting firms that provide services for plan development for the 24 units may incur reduction in their profits due to the statutory change in minimum recycling rate. Those engaged in minor plan amendments for all localities or regions may experience a decrease in profits because of reduced amount of work demanded.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulation incorporates the mandated recycling rate to conform to the statutory changes. Elimination of the requirement of approval for minor plan amendments will allow the localities or regions to respond promptly to changes in their solid waste management capacities or the market without causing any significant hazard to the public health or the environment. There is no alternative that can have a smaller adverse impact.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.